

Message Text

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PAGE 01 STOCKH 02200 240731Z
ACTION EUR-12

INFO OCT-01 ISO-00 FMC-02 DOTE-00 AID-05 CIAE-00
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FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 0666
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
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AMEMBASSY HELSINKI
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS UNN
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UNCLAS STOCKHOLM 2200

E.O. 11652: N/A
TAGS: ETRN, SW
SUBJ: SWEDISH SHIPPING OFFICIAL WARNS OF DISASTER

1. STURE ODNER, CHAIRMAN OF THE SWEDISH SHIOPWNERS ASSOCIATION,
WARNED OF IMPENDING DISASTER FOR SWEDEN'S SHIPPING INDUSTRY
RECENTLY IN A PRESS ARTICLE. THE IMMEDIATE OCCASION WAS A
RESERVATION ENTERED BY THE ASSOCIATION TO THE LATEST EMPLOYERS'
ORGANIZATION (SAF) OFFER IN THE CURRENT WAGE NEGOTIATIONS.
"IT WAS NECESSARY TO UNDERLINE THAT SWEDISH SHIPPING HAS
REACHED A POINT WHERE EACH NEW ECONOMIC BURDEN COULD MEAN THE
DISINTEGRATION OF OUR MERCHANT FLEET ... IT IS STRANGE HOW
DIFFICULT IT HAS PROVED TO BE TO GAIN CONFIDENCE IN AND UNDER-
STANDING FOR THE FACT THAT WE NO LONGER CAN MANAGE. DOES
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EVERY SINGLE VESSEL FLYING THE SWEDISH FLAG HAVE TO DISAPPEAR
BEFORE THE NATION UNDERSTANDS THAT THE SHIOPWNERS ARE SPEAKING
THE TRUTH?" ODNER SAID.

2. ODNER POINTED OUT THAT SWEDISH COSTS ARE 75-100 PERCENT
ABOVE THOSE OF UK, GREEK, AND LIBERIAN FLAGS. THE CURRENT
WAGE NEGOTIATION COULD PUSH COSTS UP AN ADDITIONAL 15-20

PERCENT, ODNER SAID, FURTHER REDUCING SWEDEN'S COMPETITIVE ABILITIES. "NATURALLY, WE WILL NOT OPPOSE THE AGREEMENT", ODNER SAID, "BUT THE OUTCOME WILL BE A FURTHER WEAKENING OF SHIPPING OPERATIONS UNLESS EXTRAORDINARY STEPS CAN BE TAKEN. IN NOVEMBER, WE CALCULATED THAT THE SALEN GROUP WOULD RUN AT A LOSS OF ABOUT 90 MILLION KRONOR IN 1977. TODAY WE THINK THE FIGURE WILL BE MORE LIKE 158 MILLION, AND MIGHT WELL BE EVEN HIGHER. MUCH OF THIS IS, OF COURSE, DUE TO THE INTERNATIONAL FREIGHT SITUATION. GREEKS, LIBERIANS, AND ENGLISHMEN ARE TODAY GETTING PAID FOR DAILY OPERATING COSTS BUT NOT FOR CAPITAL INVESTMENT. THIS IS A SITUATION IN WHICH SWEDISH VESSELS MUST AGAIN GO TO THE BUOYS, WHICH IS WHY SALENS IS AGAIN LAYING UP ITS LARGE TANKERS."

3. GUNNAR KARLSSON, CHAIRMAN OF THE SWEDISH SEAMAN'S UNION, AGREED TO SOME EXTENT WITH ODNER, ADMITTING THAT THE SITUATION IS TROUBLESOME. HE WENT ON TO SAY THAT SOME DEGREE OF COOPERATION WOULD BE POSSIBLE, PERHAPS IN EXPLORING THE COSTS OF MANNING SWEDISH FLAG SHIPS -- NOT IN THE SENSE OF WAGE CUTS BUT IN LOOKING AT OTHER COST-CUTTING POSSIBILITIES.

PERRY

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